

**REPORT  
ON THE  
RATE SETTING AUDIT**

**LENA'S HOUSE  
HOLLISTER, CALIFORNIA  
NATIONAL PROVIDER IDENTIFIER: 1932238383**

**FISCAL PERIOD ENDED  
DECEMBER 31, 2011**

**Audits Section—Richmond  
Financial Audits Branch  
Audits and Investigations  
Department of Health Care Services**

**Section Chief: Louise Wong  
Audit Supervisor: Ken Phelan  
Auditor: Joanne Hui**



TOBY DOUGLAS  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

June 25, 2013

Eugene Kondrakhin, Administrator  
Lena's House  
1075 Meridian Street  
Hollister, CA 95023-4144

LENA'S HOUSE  
NATIONAL PROVIDER IDENTIFIER (NPI) 1932238383  
FISCAL PERIOD ENDED DECEMBER 31, 2011

We have examined the facility's financial records/Medi-Cal Cost Report for the above-referenced fiscal period. Our examination was made under the authority of Section 14170 of the Welfare and Institutions Code and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the data presented in the accompanying audit report schedules represent a proper determination of the allowable costs and patient days for the above fiscal period in accordance with Medi-Cal reimbursement principles. The results of our examination are as follows:

<u>COST AND COST PER DAY</u>		<u>COST</u>	<u>COST PER DAY</u>
Reported Cost/Cost Per Day	\$	319,920	\$ 146.08
Net Audit Adjustment		<u>(51,833)</u>	<u>(23.67)</u>
Audited Cost/Cost Per Day	\$	<u>268,087</u>	\$ <u>122.41</u>

This audit report includes the:

1. Audit Report Schedules 1 and 2
2. Audit Adjustments Schedule

Future Medi-Cal long-term care prospective rates may be affected by this examination. The extent to which the rates change will be determined by the Department's Fee-For-Service Rates Development Division.

Eugene Kondrakhin  
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Notwithstanding this audit report, overpayments to the provider are subject to recovery pursuant to Section 51458.1, Article 6 of Division 3, Title 22, California Code of Regulations.

If you disagree with the decision of the Department, you may appeal by writing to:

John Melton, Chief  
Department of Health Care Services  
Office of Administrative Hearings and Appeals  
1029 J Street, Suite 200  
Sacramento, CA 95814  
(916) 322-5603

The written notice of disagreement must be received by the Department within 60 calendar days from the day you receive this letter. A copy of this notice should be sent to:

**United States Postal Service (USPS)**

Assistant Chief Counsel  
Department of Health Care Services  
Office of Legal Services  
MS 0010  
PO Box 997413  
Sacramento, CA 95899

**Courier (UPS, FedEx, etc.)**

Assistant Chief Counsel  
Department of Health Care Services  
Office of Legal Services  
MS 0010  
1501 Capitol Avenue, Suite 71.5001  
Sacramento, CA 95814  
(916) 440-7700

The procedures that govern an appeal are contained in Welfare and Institutions Code, Section 14171, and California Code of Regulations, Title 22, Section 51016, et seq.

If you have questions regarding this report, you may call the Audits Section—Richmond at (510) 620-3100.

Original Signed by

Louise Wong, Chief  
Audits Section—Richmond  
Financial Audits Branch

Certified

**SUMMARY OF AUDITED FACILITY CENSUS  
AND AUDITED CLIENT COST PER DAY**

**Provider:**  
LENA'S HOUSE

**Fiscal Period:**  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

**Provider NPI:**  
1932238383

**SUMMARY OF AUDITED FACILITY CENSUS  
AND AUDITED CLIENT COST PER DAY**

	<b>AS REPORTED</b>	<b>AS AUDITED</b>
1. Medi-Cal Client Days (Adj 6)	2,190	1,825
2. Medi-Cal Managed Care Days (Adj 7)	0	365
3. Other Client Days (Adj )	0	0
4. Total Client Days	<u>2,190</u>	<u>2,190</u>
5. Total Client Care Expenses (From Sch. 2)	\$ <u>319,920</u>	\$ <u>268,087</u>
6. AVERAGE CLIENT COST PER DAY (Line 4 / Line 3)	\$ <u>146.08</u>	\$ <u>122.41</u>

**SHARE OF COST**

1. Share of Cost Audit Adjustment (Adj )	\$ <u>NA</u>	\$ <u>0</u>
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**OVERPAYMENTS**

1. Duplicate Payments (Adj )	\$ <u>0</u>	\$ <u>0</u>
2. Credit Balances (Adj )	\$ <u>0</u>	\$ <u>0</u>
3. Total Overpayments	\$ <u>0</u>	\$ <u>0</u>

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LENA'S HOUSE

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1932238383

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CLIENT SERVICES</b>				
	<b>Basic Facility Cost - Property Expenses</b>				
045	Depreciation and Amortization	1	\$ 0	\$ 7,628	\$ 7,628
050	Leases and Rentals		0		0
055	Real Property Taxes	2	4,483	(1,095)	3,388
060	Personal Property Taxes		0		0
065	Mortgage Interest	2, 3	67,049	(47,128)	19,921
070	Property Insurance	2	4,185	(1,161)	3,024
075	TOTAL PROPERTY EXPENSES (Lines 045 through 070)		\$ 75,717	\$ (41,756)	\$ 33,961
	<b>Basic Facility Cost - General Home Expenses</b>				
080	Home Operations and Maintenance	2	\$ 16,286	\$ (8,309)	\$ 7,977
085	Utilities	2	15,279	(3,213)	12,066
090	Client Transportation (excluding Adult Day Services)		7,696	0	7,696
095	Dietary		15,263	0	15,263
100	Personal Care and Laundry		5,309	0	5,309
105	TOTAL GENERAL HOME EXPENSES (Lines 080 through 100)		\$ 59,833	\$ (11,522)	\$ 48,311
110	TOTAL BASIC FACILITY COST (Lines 075 plus 105)		\$ 135,550	\$ (53,278)	\$ 82,272
	<b>EXPENSES: DIRECT CARE STAFF COSTS</b>				
115	QMRP Salaries		\$ 29,100	\$ 0	\$ 29,100
120	QMRP Fringe Benefits		3,078	0	3,078
125	Lead Salaries		19,292	0	19,292
130	Lead Fringe Benefits		2,041	0	2,041
135	Aides Salaries		53,360	0	53,360
140	Aides Fringe Benefits		5,644	0	5,644
145	Other Salaries		0		0
150	Other Fringe Benefits		0		0
155	TOTAL DIRECT CARE STAFF COSTS (Lines 115 through 150)		\$ 112,515	\$ 0	\$ 112,515

## SUMMARY OF AUDITED FACILITY EXPENSES

Provider:  
LENA'S HOUSE

Fiscal Period:  
JANUARY 1, 2011 THROUGH DECEMBER 31, 2011

Provider NPI:  
1932238383

Line No.	DESCRIPTION	ADJ NO.	AS REPORTED Col. 1	AUDIT ADJUSTMENT Col. 2	AS AUDITED Col. 3
	<b>EXPENSES: CONSULTANT COSTS</b>				
160	Dietician Consultant \$	\$	\$ 0		0
165	Speech Pathology Consultant		0		0
170	Physical Therapy Consultant		0		0
175	Occupational Therapy Consultant		0		0
180	Pharmacist Consultant		0		0
185	Nurse Consultant	4	18,376	(2,400)	15,976
190	Psychologist Consultant		0		0
195	Physician Consultant		0		0
200	Recreational Consultant		0		0
205	Social Service Consultant		0		0
210	Other Consultant		10,588	0	10,588
215	TOTAL CONSULTANT COST (Lines 160 through 210)		\$ 28,964	\$ (2,400)	\$ 26,564
	<b>EXPENSES: ADMINISTRATIVE COSTS</b>				
220	Administrative Salaries **		\$ 29,100	\$ 0	\$ 29,100
225	Administrative Fringe Benefits		3,078	0	3,078
226	Quality Assurance Fees (excluding Adult Day Services)		0		0
230	Other General and Administrative*** (Excluding Adult Day Services)	5	10,713	3,845	14,558
235	TOTAL ADMINISTRATIVE COST (Lines 220 through 230)		\$ 42,891	\$ 3,845	\$ 46,736
	TOTAL COSTS RELATED TO CLIENT CARE (Lines 110, 155, 215 and 235)		\$ 319,920	\$ (51,833)	\$ 268,087
	<b>NON-CLIENT CARE EXPENSES</b>		(To Sch. 1)		(To Sch. 1)
240	Non-Program Services		\$ 0	\$	\$ 0
241	Adult Day Services and Related Transportation		0		0
245	TOTAL FACILITY EXPENSES (Lines 110, 155, 215, 235, 240 and 241)		\$ 319,920	\$ (51,833)	\$ 268,087

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\*\* List only direct administrative salaries incurred at the facility level

\*\*\* List allocated administrative costs on Line 230

Provider Name							Fiscal Period	Provider NPI	Adjustments	
LENA'S HOUSE							JANUARY 1, 2011 THROUGH DECEMBER 31, 2011	1932238383	7	
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b>ADJUSTMENTS TO REPORTED COSTS</b>										
1	4	045	4	2	045	3	Depreciation and Amortization To include building depreciation expense to agree with th provider's records. 42 CFR 413.20, 413.24, 413.50, and 413.13' CMS Pub. 15-1, Sections 102, 2300, 2302, and 2304	\$0	\$7,628	\$7,628
2	4	055	4	2	055	3	Real Property Taxes	\$4,483	(\$1,095)	\$3,388
	4	065	4	2	065	3	Mortgage Interest	67,049	(22,607)	44,442 *
	4	070	4	2	070	3	Property Insurance	4,185	(1,161)	3,024
	4	080	4	2	080	3	Home Operations and Maintenance	16,286	(8,309)	7,977
	4	085	4	2	085	3	Utilities To eliminate reported home office costs as the provider's private residence costs does not qualify as a home office by federal regulations and guidelines. 42 CFR 413.20, 413.17 and 413.24 CMS Pub. 15-1, Sections 2102, 2150, 2150, 2150.2, and 2304	15,279	(3,213)	12,066
3	4	065	4	2	065	3	Mortgage Interest * To adjust reported mortgage interest to agree with the provider's records. 42 CFR 413.20 and 413.24 CMS Pub. 15-1, Sections 2300 and 2304	\$44,442	(\$24,521)	\$19,921
4	4.1	185	4	2	185	3	Nurse Consultant To adjust nurse consultant to reflect the accrual basis of accounting. 42 CFR 413.5 and 413.24 CMS Pub. 15-1, Sections 2300, 2301.1, 2304, and 2306	\$18,376	(\$2,400)	\$15,976
5	4.1	230	4	2	230	3	Other General and Administrative To include administration costs for partial use of owner's residence for business purpose. 42 CFR 413.17 and 413.24 CMS Pub. 15-1, Sections 2102, 2150, and 2304	\$10,713	\$3,845	\$14,558

\*Balance carried forward from prior/to subsequent adjustments

Provider Name				Fiscal Period				Provider NPI		Adjustments
LENA'S HOUSE				JANUARY 1, 2011 THROUGH DECEMBER 31, 2011				1932238383		7
Report References							Explanation of Audit Adjustments	As Reported	Increase (Decrease)	As Adjusted
Cost Report			Audit Report							
Adj. No.	DHS 3076 Page or Exhibit	Line	Col.	Sch.	Line	Col.				
<b><u>ADJUSTMENTS TO REPORTED CLIENT DAYS</u></b>										
6	2	3	1	1	1	2	Medi-Cal Client Days To adjust reported Medi-Cal Nursing Facility days based on the following Fiscal Intermediary Payment Data: Service Period: January 1, 2011 through December 31, 2011 Payment Period: January 1, 2011 through March 29, 2013 Reported Date: April 3, 2013 42 CFR 413.20, 413.24, 413.50, 413.53, 413.60, 413.64, and 433.139 CMS Pub. 15-1, Sections 2300, 2304, 2040, and 2408	2,190	(365)	1,825
7	2	3	2	1	2	2	Medi-Cal Managed Care Days To include Medi-Cal Managed Care days to agree with the provider's patient census records. 42 CFR 413.20 and 413.50 CMS Pub. 15-1, Sections 2205 and 2304	0	365	365